

DUPLICATE ORIGINAL

NATIONAL PETROLEUM COUNCIL

I hereby certify that this corrected transcript constitutes an accurate record of the 98th meeting of the National Petroleum Council held on June 5, 1991 in Washington, D.C.

8/29/91  
(Date)

Robert M. Loh  
Chairman  
National Petroleum Council

CORRECTED  
ORIGINAL

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MEETING OF

NATIONAL PETROLEUM COUNCIL

Dolley Madison Ballroom  
The Madison Hotel  
15th and M Streets, N.W.  
Washington, D.C.

Wednesday,  
June 5, 1991

LODWRICK M. COOK, Chairman

RAY L. HUNT, Vice Chairman

ADMIRAL JAMES D. WATKINS, Government Co-Chairman

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9:00 a.m.

CHAIRMAN COOK: I would like to call to order

the 98th Meeting of the National Petroleum Council.

You have before you a copy of this morning's Agenda.

As usual, we have a very good turnout, and I

suggest that we dispense with the calling of the roll.

If there's no objection, the check-in outside will

serve as official attendance record of the meeting. If

you did not check in before the meeting, please do so

immediately following adjournment.

Now I would like to introduce the persons

seated at the head table. On my far left is Joe Hydok,

representing the NPC Committee on Natural Gas.

Next to Joe is Bob Gentile, Assistant

Secretary for Fossil Energy.

On my far right is Marshall Nichols,

**Executive Director of the Council.**

Next to Marshall is Ken Derr, Chairman of the

**NPC Committee on Refining.**

And next is Ray Hunt, Vice Chairman of the

Council.

On my immediate right is the Honorable James

D. Watkins, Secretary of Energy. We are very pleased

1 that you could join us today, Admiral Watkins.

2 Our first ~~item~~ of business is to hear from  
3 the Secretary. Ladies and gentlemen, it's my pleasure  
4 to present to you the Honorable James D. Watkins,  
5 Secretary of Energy.

6 (Applause)

7 REMARKS BY THE HONORABLE JAMES D. WATKINS

8 ADMIRAL WATKINS: Thank you very much, Lod  
9 and distinguished Members of the National Petroleum  
10 Council.

11 It's a pleasure always to come before you and  
12 I think that coming before you at this very critical  
13 time, as the National Energy Strategy Bill is going to  
14 be filed I believe this morning in the Senate, is the  
15 time to stay close to the Petroleum Council as we go  
16 through the next few months of potential serious debate  
17 in the nation about the future of energy.

18 So I continue to count on your unfailing  
19 support and good advice and, in particular, the advice  
20 you're giving me now in this phase one of the report  
21 Ken Derr has chaired for us.

22 I've always appreciated your counsel and  
23 cooperation and during the months that we faced Saddam  
24 Hussein. Many of you came in and discussed a process  
25 and procedures during that period of time. We had some

1 very fine contingency exercises in which  
2 representatives from the Petroleum Council participated  
3 along with members of the NYNEX, the future trading  
4 commission, other top leaders in our government, and I  
5 believe that in itself after five sessions proved to be  
6 very, very beneficial in stabilizing oil prices after  
7 the conflict commenced <sup>and we drew down</sup> to the SPR.

8 So, during all that period, I know that every  
9 member in here was not in direct contact with me. But  
10 I can tell you we had a very fine representation from  
11 the Council that gave me and gave Henson Moore, Bob  
12 Gentile, Linda Stuntz some tremendous support during  
13 this period.

14 So often I hear from even members of the  
15 Council here that come to me and say, "Gee, we're not  
16 being used. We're not being very valuable to you and  
17 so forth." I think that's not true in any sense. You  
18 may not sense it all the time. You may not believe  
19 that you're a direct participant, but you are. And we  
20 put a lot of weight on your studies and your work and  
21 your advice under dynamic conditions.

22 Perhaps we might even be able to do more, and  
23 I think perhaps there needs to be a more dynamic  
24 response team arrangement, so that as things become  
25 fast moving, we can get quick turnaround on certain

1 issues, and perhaps we need to streamline that process  
2 and I'll be talking to your top officials here to see  
3 if we can't do better in that regard.

4           The Gulf conflict served as a compelling  
5 framework for completion of the National Energy  
6 Strategy. I called it a perfect case study, and the  
7 timing was just right. It gave us a tremendous  
8 opportunity to measure ourselves against the very  
9 crises that the Energy Strategy was designed to help  
10 preclude <sup>in</sup> ~~for~~ the future. We believe that the policies  
11 advocated by the strategy are vitally important than  
12 for the long-term prosperity of the country.

13           Energy is <sup>inextricably</sup> ~~inevitably~~ bound with the economic  
14 growth and environmental quality. I think so often in  
15 this entire debate economic growth has not been  
16 recognized in any of the rhetoric that you hear.

17           I saw, just yesterday and the day before, in  
18 the International Energy Agency debates. We are not  
19 well coupled in with the economic czars of the world,  
20 and somehow we've got to find a new linkage and better  
21 relation<sup>ship</sup> ~~so~~ that we all understand what we're talking  
22 about on the future of energy against a baseline of  
23 legitimate growth in the nations involved, and that is  
24 not done well. It tells us then what the  
25 decisionmaking process will be without economic growth

1 bill: comprehensive, balanced and sensible. It's a  
2 bill that will be helpful to energy, the economy and  
3 the environment. It includes authority for leasing a  
4 small part of the Arctic National Wildlife Refuge, and  
5 it includes wide-ranging efforts towards regulatory  
6 reform and broader competition in all energy sectors.

7           The next hurdle will come on the Senate floor  
8 where we will face a formidable task in holding this  
9 conference package together and keeping it balanced.  
10 We have to be fully prepared and vigilant to defeat  
11 amendments that would gut the legislation. We must  
12 maintain the balance between conservation and  
13 production in regulatory reform and new technology  
14 development that will assure America's continued  
15 economic growth and the quality environment we all want  
16 to enjoy. Besides, it will make us -- it will give us  
17 the competitive leadership we need to enter the new  
18 century with.

19           We can do this only if we work together, all  
20 of us in the administration and particularly all of  
21 you, working individually and through industry  
22 organizations. We must not allow ourself to be  
23 distracted by the narrow interest.

24           One area where balance and long-term view are  
25 especially important is in our domestic refining



1 industry. Issues affecting the future of this industry  
2 have serious consequences for our country. ~~For~~<sup>Over</sup>  
3 the past decade, the industry has undergone significant  
4 consolidation and restructuring. But now it faces far  
5 more difficult questions and much greater uncertainty  
6 as it considers how best to respond both to tough  
7 requirements of the Clean Air Act amendments and to  
8 other state and federal initiatives or alternative  
9 fuels and environmental protection.

10 I can assure you that in the Department of  
11 Energy, we recognize the difficulties the industry  
12 faces. We have worked diligently to have these  
13 difficulties appreciated by those responsible for  
14 implementing the Clean Air Act amendments. We also  
15 recognize that significant capital investment will be  
16 required if the US refining industry is to respond to a  
17 decade of new federal regulations that currently demand  
18 cleaner air and water and less waste, while the public  
19 continues to demand cheap transportation fuels.

20 I realize that many of you in this room face  
21 a costly business decision. I also know that you have  
22 some serious reservation about your ability to meet the  
23 requirements of the Clean Air Act amendments. My  
24 concern is that we continue to assure a strong and  
25 viable U.S. refining industry. You can be confident

1 that we will work with you to make sure your concerns  
2 are fully considered in the federal regulatory process  
3 and in the congressional efforts to enact balanced  
4 workable energy legislation.

5 I'd like to commend the Council and the  
6 Refining Committee for the job you've done on the first  
7 phase of your study on the subject of meeting the  
8 challenges of the Clean Air Act. We will be using the  
9 results of this study in the coming months as we work  
10 with the EPA in the promulgation of Clean Air Act  
11 regulations and as we proceed with the development of  
12 comprehensive energy legislation.

13 The issues ~~you have~~ raised about the  
14 potential shortage <sup>of oxygenates</sup> for the 1992 period, about the  
15 potential logistical problems in meeting California  
16 clean fuel requirements and about possible constraints  
17 in the supplying of reformulated gasoline in 1995 are  
18 all important warning signals that we will closely  
19 track.

20 I've directed my staff to continue to work  
21 with you on phase two of the study, so that together we  
22 can develop the data necessary to confront the  
23 requirements of the Clean Air Act amendments in a  
24 manner consistent with both the nations and the  
25 industry's interest.

1           When phase two of the study is completed, it  
2 will provide a critical baseline of information for  
3 both industry and public policy decisionmaking. These  
4 studies need to be widely shared and their conclusions  
5 carefully explained to the broad public constituency  
6 that will be involved in deliberations not only on the  
7 Clean Air Act, but also in decisions on other matters.  
8 affecting your industry, including ~~RETRA~~ <sup>RCRA</sup> (phonetic),  
9 Clean Water Act, wetlands, alternative fuels and other  
10 important policy questions.

11           Congress and the American people need the  
12 benefit of your expertise in determining how to meet  
13 national environmental and energy objectives without  
14 sacrificing the mobility and convenience that Americans  
15 now enjoy.

16           How often I heard on the Hill during debates  
17 -- we've had now 50 hearings -- over 50 hearings on the  
18 National Energy Strategy -- how they felt the President  
19 should be more bold, to offer a \$1 gasoline tax and the  
20 like. And I told the Senator that asked me that, I  
21 said, "Why don't you get bold, Senator, and put in your  
22 \$1 gasoline tax? I don't see anyone on the Hill  
23 entering such a proposal. Why do you want the  
24 President to be bold?" I said we've run through that.  
25 It's a very regressive approach to conservation, very

1       simplistic, overly <sup>so</sup>~~slow~~ and very regressive  
2       economically.

3               As a matter of fact, that particular Senator  
4       almost lost an election because of this kind of  
5       approach -- simplistic -- overly simplistic approach to  
6       solving the nation's problems.

7               So this mobility, this ordering the Americans  
8       to change their lifestyle, dictate, command and  
9       control, that sort of thing, gee, isn't it time to  
10      change our lifestyle? Well, I don't believe the  
11      Americans enjoy anybody telling them that they will  
12      change their lifestyle by the following formula, and I  
13      think we on the other side feel very strongly that  
14      incentive, that research, <sup>that</sup>~~the~~ collaborative work with  
15      industry, the shared set of objectives is the way to go  
16      and to be open in our debate about it and recognize  
17      that we do have alternatives to interjection into free  
18      market that we don't particularly like as a nation.  
19      And it seems to me that that point about the mobility  
20      and convenience the Americans now enjoy is an important  
21      part of our life.

22              Why should we compare ourselves to a  
23      \$5-per-gallon gasoline in Europe? People are always  
24      doing that -- "Everybody else is paying two-and-a-half  
25      to four times what you're paying. What's wrong with

1 you? Why don't you pay more?" Well, we have a  
2 different tax structure in this country, and to reach  
3 into that one particular aspect and decide how we want  
4 to impose that, particularly on the economically  
5 deprived group in this country where it would heavily  
6 focus its impact, I think is wrong.

7           Anyway, I bring that up because it's been a  
8 constant point of contention between those on the  
9 Democratic side that feel this is the only way to go  
10 and we haven't been bold enough, and the reason we got  
11 such criticism when we put in the Energy Strategy from  
12 them -- and then, on the other side, basically the more  
13 conservative Republican position which says, "Look, we  
14 want to be environmentalists, too. We want to be  
15 sensible environmentalists, and we want economics.  
16 <sup>to</sup> ~~That would~~ be a key part of our decisionmaking and  
17 we're not interested in ordering the Americans to  
18 change their standard of living. We want to solve  
19 their problems by other techniques, and this is America  
20 at its best to be able to do that."

21           It's especially important in my view for the  
22 political leadership of our states to have a full  
23 appreciation of the complexities involved in  
24 coordinating multiple and sometimes conflicting state  
25 and federal regulatory requirements.

1           With regard to the Clean Air Act amendments,  
2 this is particularly true of state decisions to opt in  
3 or postpone involvement in reformulating the gasoline  
4 program to 1995 and beyond.

5           In a similar vein, I also look forward to  
6 completion of the Council's ongoing natural gas study.  
7 What I said to the Council in formally requesting that  
8 study almost a year ago is even more valid today in the  
9 wake of Operations ~~Desert~~ Desert Storm.

10           I said then and repeat today, this study  
11 comes at a critical time for developing public and  
12 private sector confidence that natural gas can make a  
13 greater contribution to the energy security of our  
14 nation, and of course, we feel this worldwide with the  
15 International Energy Agency. It's one subject that  
16 everyone was in concert on, on that particular subject.

17           I think it's very important that we've  
18 started this process with the National Petroleum  
19 Council one year ago. We need the products right now.  
20 So, while we've pressured you and you've done a superb  
21 job and supported not only the wording but financially  
22 to run these studies is a real credit to the NPC. And  
23 I think it tends to put in perspective any criticism  
24 that members might have that this Council isn't doing  
25 the job for me because it is, and this study comes at a

1 very valuable time.

2 I hope the Hill will hold some hearings. We  
3 might be able to inspire that on this particular phase  
4 one of the study. For example, on the refineries, to  
5 let them know what the situation is and what is  
6 relationship with Clean Air Act implementation is. So  
7 as the EPA rules begin to flow out, we can see the fine  
8 hand of NPC through the Department of Energy in linkage  
9 with EPA and working with the Hill to ensure that we  
10 have realistic implementation regimes to make this  
11 thing work out to the best interest of all.

12 I fully appreciate what the Department has  
13 asked of the Council in requesting that you analyze  
14 constraints to expand the production, distribution and  
15 use of natural gas. In accepting our request, the  
16 Council has assumed a ~~daunting~~ <sup>daunting</sup> tasks. I'm aware of the  
17 extent to which the Council members and the  
18 participating organizations have embraced this study.

19 I know that presently more than 200  
20 individuals are participating in the four task groups  
21 and their associated working groups. I also understand  
22 that many participants are working nearly full time on  
23 this study.

24 I think, quite obviously, such committed  
25 response reflects industry's concurrence in our view

1 that natural gas can and should make a larger  
2 contribution to our nation's future energy supply.

3 Today, we use less natural gas in the United  
4 States than we did 20 years ago. We believe that many  
5 of the immediate problems stem from the regulatory  
6 morass surrounding gas.

7 A few weeks ago, I spoke before the Federal  
8 Energy Bar Association here in Washington, and I spoke  
9 very bluntly to them. I told them that the system  
10 appears increasingly subject to manipulation by those  
11 who would exploit the regulatory process to save the  
12 special interests rather than protect the public  
13 interest. And I think they're going to do something  
14 about it. We were quite specific with them on what we  
15 meant by that, and they took it as an objective of the  
16 Energy Bar Association to do something about it, to at  
17 least highlight it and make people aware that we don't  
18 like the use -- technical use of such things as  
19 regulatory process to be misused in a way that was  
20 never intended by the regulation itself.

21 This obviously comes up in execution of NEPA  
22 <sup>laws</sup> ~~has~~ and other things as well, and we're constantly sued  
23 and embattled in debates in court on issues that I  
24 believe distort the due process and ~~what was intended~~  
25 by the original laws or regulations. <sup>that were written</sup> They were never



1 intended to be misused in this way, to keep things in  
2 the courts for year after year at great expense and  
3 with the growth of tremendous lawyers, when we need  
4 scientists and engineers in the country.

5           So I believe that we're at a very critical  
6 point in the way we deal with ourselves and to somehow  
7 dampen out the litigious drive in this country, to sue  
8 everybody on every issue -- because there's money there  
9 to be made, such as in the pharmaceutical areas and  
10 other areas.

11           But we have a tremendous problem in our  
12 country growing in this whole issue of "not in my  
13 backyard," which is very much related to energy and  
14 waste generation and the like. So it's very important  
15 that we do debate and work with the lawyers who work  
16 the energy issues before the FERC and other regulatory  
17 bodies and convince them that this is ~~not~~<sup>not</sup> the time ~~to~~<sup>not</sup>  
18 play those games. Let's stay legitimate within the law  
19 and what was intended by the law and try to work the  
20 problem that way rather than try to distort the law by  
21 grabbing on to technical loopholes and hammering them  
22 in court year after year after year without any  
23 particular gain to society, but at great expense to  
24 society.

25           Regulatory reform, market forces, the

1 balancing of energy, economic and environmental  
2 interests, these are the guiding principles of the Bush  
3 administration energy policy, and they're also yours.  
4 Energy is no longer the stepchild of national concern.  
5 I believe we have succeeded in the past two years in  
6 raising energy issues to the forefront of America's  
7 policy agenda -- long overdue.

8               President Bush said it best at the unveiling  
9 of the National Energy Strategy last February. From  
10 the company that finds more energy-efficient ways to do  
11 business to the scientists who makes a new power source  
12 practical to the individual American at home who finds  
13 some new way to save energy, I think we can rely on the  
14 most remarkable source of power that the world has ever  
15 seen, and that's the American people

16              Having said that though, I would say in  
17 addition we have to educate that body of politic into  
18 the issues of energy in such a way that when they see  
19 political distortions of those issues, they recognize  
20 them for what they are and can stand back and say, "I'm  
21 not going to believe that. That just isn't right."  
22 They've distorted science, and they've even distorted  
23 economic analysis. Therefore, to use it for their own  
24 purposes, I find irresponsible and I'm going to vote  
25 the other way.

1           Now, if we can ever get the majority of our  
2 society able to understand the difference between  $10^6$   
3 and  $10^{-6}$ , for example. This would be very useful. So  
4 these are the kinds of things that you're going to have  
5 to help us on.

6           In the energy field, it is complex and it has  
7 its own language, particularly when you get into the  
8 regulatory language, which I don't understand. So we  
9 all have to learn a little bit. The President said we  
10 had to be learners and listeners, and certainly we have  
11 to help society as a whole become learners and  
12 listeners in this field, so we can know the difference  
13 between what ANWR is and ANWR is not and what oil  
14 spills are all about relative to offshore drilling and  
15 what they are not. We have a society that cannot  
16 understand that right now, and somehow that's at the  
17 base of the challenges it faces.

18           The challenge then that I leave each of you  
19 today is to help us spread the message in a responsible  
20 way in the Congress and especially out among the  
21 people. Speak up, speak out in your business and  
22 community groups, in your local press and to your  
23 elected officials here in Washington. Don't let them  
24 get away with political hype on issues that are clearly  
25 well-defined by fact and study and analysis. Help

1 others to understand energy issues as you do. Help  
2 them to understand the answer to our environmental  
3 needs is not to just say no to sensible energy  
4 development and use. This gets right back to the  
5 baseline: What is this nation trying to do  
6 economically? Can you set growth, even modest growth,  
7 as the Energy Strategy does to 1.8 to 2.4 percent  
8 growth in GNP annually? And can you achieve that?

9           And if you don't achieve that through your  
10 practice, you better make sure that your decisionmaking  
11 process is set up to recognize the degree to which  
12 you're impacting on a regressive economic policy. So  
13 that is always there underneath our strategy and often  
14 doesn't get into the debate until it's too late, until  
15 we make silly decisions that only hurt ourselves  
16 economically.

17           If there is one lesson that we should take  
18 from the events of the recent months it is how and  
19 where our energy comes from is the decision that should  
20 be made by all Americans, and I think it was very  
21 important for us to hold these hearings and try to  
22 listen across the country to the diversity of this  
23 nation and what's of interest in the northwest and  
24 northeast and south central United States are totally  
25 different. It's like five different societies and

1 cultures in our own country, and we have to recognize  
2 that.

3           So flexibility in the system, alternatives,  
4 diversification of energy supplies, streamline  
5 licensing, streamline regulatory processes are all  
6 important to all regions. So there's a common threat  
7 through all of the strategy, and I think that we have  
8 done a good job in putting that together and listening  
9 to people like you to formulate the best balanced  
10 approach in the areas of your particular interests as  
11 well.

12           In closing, I'd like to thank the members of  
13 the Petroleum Council again for the continued hard work  
14 and good advice. Your contributions serve the industry  
15 well, and they certainly serve the nation well and they  
16 serve me extremely well. So we find that this phase  
17 one of your study on refining, for example, is an  
18 extremely important and timely arrival on our ~~beds~~<sup>desks</sup>, and  
19 we hope that we will carry the messages that our in  
20 there, in to the Congress of the United States, and it  
21 will be a strong catalyst to continue the reforms  
22 necessary to achieve objectives in this country that  
23 don't set us -- turn us upside-down economically.

24           This refinery issue is a very, very important  
25 issue because it surrounds so many things that we're

1 considering today, everything from Clean Air Act to  
2 global climate change towards whether or not this  
3 nation is going to invest in its own natural resources.  
4 It's just a whole host of things of whether are not we  
5 are going to find a reasonable balance between energy  
6 and environmental issues and not let the pendulum swing  
7 to extremes. So tied up in that one study alone is a  
8 range of issues that go well beyond just refineries  
9 themselves, and it is important.

10 I applaud what you've done, and the personal  
11 time and effort you've put into this -- many of you  
12 have put in almost full time -- is really commendable.  
13 But it's a great help to us here in Washington to have  
14 this. We would not have had it had we not started a  
15 year ago.

16 So we have to be forward-thinking, and I  
17 always would encourage new ideas through the Chairman  
18 and Vice Chairman, through the top leadership in the  
19 NPC to tell me what you want to do, and we'll do it.  
20 We have a lot of resources in this Council, tremendous  
21 resources in oil and gas. We're very flexible. Don't  
22 let us be the only ones that are going to generate  
23 agenda items.

24 I think we've talked this morning -- Ray Hunt  
25 and I did -- about maybe doing a little bit more,

1 dynamic response teams right now being ready to roll as  
2 we try to get this bill through not only just the  
3 Senate, but the House as well, because if we get it  
4 through the Senate, then I believe we have a chance to  
5 get it through the House of Representatives. It will  
6 be a very powerful signal to the House that they'll  
7 have to do something because I think it will be an  
8 issue that will be pushed by the American people  
9 themselves.

10 For gosh sakes, once in our life, let's do  
11 something for long-range planning of the nation which  
12 is so critically tied to our future economy.

13 Thanks very much, and I'll open myself up to  
14 questions for any time you have left.

15 (Applause)

16 CHAIRMAN COOK: Thank you, Mr. Secretary.

17 As Secretary Watkins indicated, he's prepared  
18 to take questions from the members. If you have a  
19 question, please state your name and affiliation for  
20 the record.

21 Any questions?

22 Okay, John.

23 MR. HALL: Mr. Secretary, John Hall with  
24 Ashland Oil.

25 Our industry is more and more being regulated

1 by the EPA, without taking into account the impact on  
2 supply and other factors. How can we get them more  
3 involved in some of these activities, so that they will  
4 be better aware of the tensions put on the industry?

5 ADMIRAL WATKINS: Well, I think you've done  
6 that. And I'll have to say that we're developing a new  
7 and much closer relationship in that regard to EPA.

8 The Department of Energy and EPA were  
9 separated by a wide gap for many years, and a very  
10 contentious relationship existed. We're beginning to,  
11 I think, demonstrate to them that we are legitimate  
12 environmentalists as well, and we can do our job, too.  
13 We want to help them prepare these regulations.

14 Today we'll sign out an issue regarding coal  
15 and NEPA laws. By that, I mean we have worked now for  
16 two years on a famous ~~Wet Coal~~ <sup>WEPCO</sup> Decision in Wisconsin  
17 that would apply new source review to any maintenance  
18 operation or upgrading of existing coal-fired plants,  
19 for example. Well, this would be a terrible penalty if  
20 that decision were to stand because it almost puts the  
21 coal industry and the power area out of business for  
22 modernization because they cannot achieve the Clean Air  
23 Act objective and be subject to new source review every  
24 time they turn around and want to upgrade their plant  
25 performance, and I mean by improving efficiency to that



1 coal plant, and that would be a penalty on them to do  
2 that.

3           So that was resolved by a tremendous effort  
4 on our part, by putting it in the energy bill and we  
5 didn't need it. But I think all that pressure bodes  
6 well for other regulatory interface between the  
7 Department of Energy and the EPA. And <sup>the</sup> EPA, I think,  
8 feels good about it. This was handled at a very high  
9 level in <sup>the</sup> EPA, and we work hard with the White House on  
10 this issue. This is a very important relationship  
11 which DOE has to establish at <sup>the</sup> EPA, and we're doing that  
12 now.

13           But the Energy Strategy was the first attempt  
14 to really force ourself into a very new and  
15 strengthened process on policy versus regulation. So I  
16 think between ourselves, EPA and our new relationship  
17 with FERC which is emerging already, that you will see  
18 a much bigger role on our part for every single piece  
19 of regulation that comes out regarding compliance with  
20 the Clean Air Act. And there's an inner agency group  
21 assigned to do that, and there will also be one on the  
22 energy policy. If we do get a bill, then that will be  
23 a very aggressive inner relationship, and I think all  
24 this bodes well for a better EPA, Interior,  
25 Agriculture, DOE, FERC, NRC relationship in the future,

1 better than we've had before.

2 Here at our Department when I came in, we had  
3 nobody qualified in electricity. Now, if that doesn't  
4 seem strange to you, it does to me. And nobody  
5 qualified in hydroelectric. So we had copped out of  
6 our responsibilities for interface in policy to  
7 regulatory <sup>execution</sup> ~~executive~~ of policy in many areas and the  
8 relationship with EPA was almost non-existent. As a  
9 matter of fact, today we still have some problems with  
10 field EPA -- that is, the regional EPA versus  
11 headquarters EPA, who just had a major breakthrough in  
12 that area in a suit in Ohio, where fines and penalties  
13 of one federal agency against another were debated, and  
14 I think out of that, better things will come for the  
15 future.

16 So it ties right into your question: How are  
17 you going to ensure? It's up to us to do the work  
18 within EPA headquarters and hopefully for them to  
19 ensure that EPA regional does not go beyond what was  
20 ever intended by the federal government, by the  
21 President in carrying out these things, that we don't  
22 go beyond that which was intended by any others. So  
23 this is our responsibility, and the NPC, through us,  
24 can help in that linkage with EPA. But we have some  
25 very good people in EPA that we work with and I believe

1 baselines. It will be chaotic.

2 We've already seen the debate on global  
3 climate change and the like. So when we use terms like  
4 "inextricably bound with economic growth," that's a  
5 very serious issue and it's not simple and it's not  
6 understood well.

7 We'll talk about energy and isolation of  
8 environment too often. I think we're bridging that gap  
9 nicely. Very seldom they talk about economics, and  
10 seldom <sup>do</sup> ~~to~~ they face the reality of the science and the  
11 technical efficacy of some of their recommendations.

12 So somehow we've got to find -- and the  
13 National Petroleum Council can help me -- find a new  
14 way of enlightening the American people on this entire  
15 subject of the intertwined nature of energy,  
16 environment, economics and science. So we have to find  
17 effective ways to balance and recognize all of these or  
18 go face the prospect of economic stagnation.

19 So many of the recommendations you hear from  
20 extremists in this business will take you to economic  
21 stagnation, and they are never held accountable and  
22 responsible for their statements relative to that, and  
23 this is unfortunate. We should hold them accountable.  
24 Show us how you can do that and keep this nation from  
25 avoiding a regressive economic policy. Well, it's not

1 their business. So, therefore, they can be down on gas  
2 and coal and oil and nuclear and electricity which is  
3 very nice. But we have to hold their feet to the fire  
4 on this, and you can help us do that.

5 So this is what the National Energy Strategy  
6 is all about and why it's so ~~quickly~~ <sup>critically</sup> important to hold  
7 together a complete energy package as we move through  
8 the legislative process. That will not be easy. There  
9 are a host of people, the leadership in the Senate who  
10 do not want that bill ever to come to the floor, and  
11 we're going to have to work hard to get it to the  
12 floor. Again, we're going to need your help.

13 They'll want to use other tactics to force  
14 some issues to the floor for debate, such as the  
15 so-called "Bryan Bill" on corporate average fuel  
16 efficiency of automobiles, and that will be -- if that  
17 happens, that will be one of the toughest debates and  
18 if, again, we're successful in avoiding something  
19 that's technically unsound, from a safety ~~sound~~ <sup>stand</sup> point  
20 it's a tragedy and it's economically a mess when you  
21 look at the auto industry situation today. We'll have  
22 a big problem on our hands, and we will not get the  
23 strategy that this nation deserves. So hopefully,  
24 again, you'll be able to help us move through this  
25 process.

1           So far we've done well. As you know, the  
2 Senate Energy Committee has acted in a very responsible  
3 way, and our people have been right there working side  
4 by side with the committee members and the staff. I  
5 don't know of any other time when the chairman and the  
6 ranking member have asked the Department of Energy to  
7 have two representatives constantly with them on  
8 mark-up. This is a first and very beneficial to the  
9 committee and very beneficial to the Department of  
10 Energy and to the White House. And Henson Moore and  
11 Linda have lived up there on the Hill, working with  
12 that committee constantly, and it's been, I think, a  
13 great tribute to them and to the committee to have this  
14 kind of dialogue during this critical time in dealing  
15 with such a first-of-a-kind comprehensive bill.

16           Sure, there's been the debate and  
17 disagreement. But there's also been compromise and  
18 genuine commitment, and <sup>this</sup> ~~that~~ has made all the  
19 difference, and I give great credit to Malcolm Wallop.  
20 He has been a superb manager along with Bennett Johnson<sup>t</sup>  
21 on this bill. He has been very <sup>craft</sup> ~~clever~~ politically, very  
22 willing to compromise, but not go so far as to destroy  
23 the basic principles we all believe in. So I give him  
24 great credit and you should, too.

25           The committee has now reported <sup>out</sup> ~~on a~~ good

1 we're beginning to be considered by them as a  
2 legitimate player in the game and not a hostile enemy.

Bernard Kennedy, National Fuel  
Gas Company in Buffalo -

MEETING PARTICIPANT: Mr. Secretary, the day

4 before yesterday, a bunch of businessmen and I met with  
5 the Governor of the State of New York and the Speaker  
6 of the Assembly and urged them indeed and to plead with  
7 them not to enact a tax called the petroleum ~~business~~ <sup>business</sup>  
8 tax. It is added -- nevertheless, they did it. It's  
9 added 6 cents a gallon to the cost of gasoline and 51  
10 cents in MCF to the cost of natural gas.

11 The dialogue with the Governor -- I pointed  
12 out to him that this completely reversed 180 degrees  
13 the state energy master plan. He pointed out that he  
14 had received a recent citation from you telling him  
15 that we had a wonderful energy plan in New York.

16 I wonder --

17 ADMIRAL WATKINS: But they didn't follow  
18 their own energy plan.

19 MEETING PARTICIPANT: That's correct.

20 My question -- in fact, there is no answer in  
21 the short term.

22 But as we set upon trying to formulate a  
23 national energy plan, are you not concerned that the  
24 states one by one will just undo it enacting revenue or  
25 exacting revenue or --

1           ADMIRAL WATKINS: I'm only concerned about a  
2   few states. That happened to be one of them. Another  
3   one may be Massachusetts. I don't know.

4           But we have some serious problems in how the  
5   states will be responsive to, let's say, a national  
6   energy plan that comes out as a bill.

7           I do think, however, having such a bill is  
8   critical to that state interface and, for the most  
9   part, my dealings with the Governors have been very  
10   positive in this regard, and I think they are very  
11   responsible out there and trying to do the job.

12           I do believe they applaud the concept of  
13   integrated plans so that they, too, can dovetail and  
14   find political refuge in some of the national plans.  
15   They need help, too.

16           I do think the willy-nilly use of gasoline  
17   tax to solve other problems is a very dangerous  
18   precedent to have. It is a nice pot to deal in,  
19   particularly when you're in a deficit situation as is  
20   the case in New York right now. I think it's very  
21   dangerous. Where does it stop?

22           And if we use it as, let's say, that  
23   particular gas tax, we use that under the guise that  
24   it's a conservation move. That has no analytic  
25   substance to it at all. We all know that.

1           We've just seen about a 30- or  
2 40-cent-per-gallon increase during that point in the  
3 war, and while there was some conservation that  
4 resulted from that, we can't pin down very much of it  
5 related to that particular price.

6           So I think when you're talking about those  
7 small add-ons, they're really revenue-getters. They  
8 often use them in relation to an energy plan. But in  
9 our opinion, that has no substance. We have done the  
10 analysis. We have done the analysis at 25 cents, 50  
11 cents, \$1. I presented that personally to the  
12 President and showed him the progressive aspects of \$1  
13 or even 50 cents a gallon. And while you begin to have  
14 some impact on consumer use, for the most part you have  
15 a very progressive impact on the economy as a whole.  
16 So those are not good ideas in my opinion, whether it's  
17 state or whether it's national.

18           So I don't applaud that kind of thing nor did  
19 we see that in the initial energy plan for New York,  
20 which we did think was a good plan. But you have to  
21 carry out those plans. So what can business and  
22 industry count on? And if you have to begin to count  
23 on who is going to be Governor 14 years from now, this  
24 nation is in trouble. It was hard enough to do  
25 everything else. But have to protect who is going to



1 be there politically and if they can manipulate the  
2 system to the extent that they can't inject ~~themselves~~<sup>themselves</sup>  
3 then the national energy plan can't be executed  
4 properly because a large state like New York or  
5 California, any kind of tax policies there that would  
6 be out of line with the National Energy Strategy then  
7 could be very significant. It could have a significant  
8 impact on the nation and do the very thing we're trying  
9 to avoid by having a more comprehensive umbrella  
10 strategy under which the states then can play the  
11 proper and very legitimate role because it's really  
12 ~~then~~<sup>them</sup> that has to carry this out much more than us.

13 So I really am worried about migration now to  
14 old practices inside a well-structured plan. That  
15 always could happen. But we should fight it at every  
16 turn because otherwise, I think we're going to revert  
17 then to a fractionated, year-by-year approach to this,  
18 which is what we've had for years and have gotten us  
19 into the situation that we're in today where we do not  
20 have all the flexibility and diversification we would  
21 have liked to have had, had we done the job right after  
22 the seventies.

23 <sup>Bill Ballard</sup>  
<sup>Balcron Oil-</sup> MEETING PARTICIPANT: (Off mike) -- of  
24 National Oil Company.

25 The National Energy Strategy has addressed

1 ANWR, and it has addressed, to some extent, the  
2 offshore area. I don't recall, however, seeing  
3 anything in the present plan which addresses the  
4 onshore lower 48.

5 We have in the west, in the Rockies in  
6 particular, study after study after study with  
7 indicators that there are impact-type possibilities,  
8 perhaps prospects, maybe even probabilities in some  
9 people's mind that large reserves exist -- gas measured  
10 <sup>hundreds of</sup> in cubic feet, oil in millions of barrels -- and yet  
11 because of the public land situation out there and  
12 access to these lands, these prospects are off limits  
13 to exploration. \_\_\_\_\_ (inaudible)

14 ADMIRAL WATKINS: Linda?

15 I'm going to ask Linda Stuntz to answer this  
16 because she's been very, very close to the details in  
17 the plan, and I'd like her to address just what we have  
18 done about that in the energy strategy and where it  
19 sits inside because it's going to reach beyond the  
20 scope of my text here if we get into details very much.  
21 But Linda is my right arm for this, and maybe she could  
22 answer -- maybe you could do it from the floor there,  
23 Linda.

24 Mr. Ballard - MEETING PARTICIPANT: The point is that  
25 dealing with the Forest Service and the BLM is becoming

\* and Mike McElwrath, his principal deputy, have invested a lot of time looking at opportunities for enhanced oil recovery and horizontal drilling--varied and broader use of that. We have gotten Administration support, through the strategy for an aggressive program on developing those technologies and trying to get them more acceptable, more available, to the independents, who don't normally have a lot of time and resources to put into first of all finding new technologies and second, getting them out into the marketplace. That can be critical for independents to be able to deal with what we project to be stable oil prices. just a very difficult task as far as gaining access to

But more specifically on the subject of public lands, just about ten days ago, the Secretary had a meeting with Secretary

prospect in making significant differences as far as our reserves.

Radigan at the Department of Agriculture. I think we are going to have a new relationship with them. He expressed particular concern about forest service and forest service issues and getting the multiple use concept to be something he's sensitive to from the very beginning of his tenure there. And more importantly, Bob Gentile, working on the basis of his Interior experience of the past, has an inter-Agency group now working on these public lands issues to make sure that it's a problem of resources which is one of the things we've heard, and the procedures are good, but they are not putting enough sources into it, at we can get a funding we need anytime before we tire and that is problem. And I think Bob's doing some good work on that and I think--with the leadership at Interior and at Agriculture now--I think we are making progress.

ADMIRAL WATKINS: Well, we're certainly in

sympathy with that position.

And, Linda, do you have -- can you give a

little rundown exactly where we stand on that

particular set of issues?

MS. STUNTZ: Let me just say generally that I

think the National Energy Strategy's address on the lower 48 is through technology. Bob Gentile is the Secretary for Fossil Energy\*-- (off mike).

CHAIRMAN COOK: Thank you, Linda.

The Secretary is going to have to leave shortly. But before he goes, I know he is just back from a conference in Paris, as he mentioned in his remarks. And during that meeting, they discussed consumer/producer dialogue, which is going to be continually discussed, and another conference, I guess, is coming up soon.

Would you like to comment on that issue, Mr. Secretary?

ADMIRAL WATKINS: I think it's an extremely important issue right now. As you may have read in the newspaper, you may know the government of France and

1 Venezuela have announced the consumer/producer dialogue  
2 informal -- ministerial level, however -- 1-2 July in  
3 -- I believe it's in Paris. This is a very difficult  
4 subject for us to deal with.

5 As you know, we've debated this issue for  
6 years, sitting down with OPEC nations, for example,  
7 with a perception on the part of many in the world that  
8 would look at this as a price-fixing mechanism --  
9 global price-fixing mechanism.

10 That's not in the charter. It's all very  
11 clearly itemized what issue is to be debated. But when  
12 I looked down that list at the menu of issues that can  
13 be debated outside of production rates and eventual  
14 price per barrel of oil, I believe that that dialogue  
15 already exists. The dialogue exists between you and  
16 other producing nations including the OPEC nations, and  
17 it's been that way for 40 or 50 years. You know more  
18 about the inner workings and hidden mechanisms of  
19 producer/consumer dialogue than we in the federal  
20 government know.

21 And we have a lot of dialogue underway.  
22 During the Gulf War, the President had dialogue with  
23 all producing nations of the world and said consumers  
24 need your additional production, and everybody  
25 responded to that very positively. Even in the US, we

1 enhanced our own production by several hundred thousand  
2 barrels a day more than we had planned by some very  
3 energetic work done on the part of our own industry.

4           We asked those nations. They responded. I  
5 went over and visited with Hisham Nazir, my counterpart  
6 in Saudi Arabia, and with my counterpart in UAE as  
7 well, and I found tremendous harmony of thinking about  
8 the need to ensure stabilization of world prices, so  
9 that we don't injure world economies, particularly  
10 those of the lesser developed countries. So that  
11 dialogue existed for a very specific purpose, very  
12 specific common set of goals under UN resolutions and  
13 under the fact that we had 27 nations on the field over  
14 there working.

15           We set up communication links, special  
16 communication link called Black Gold Links, so that we  
17 have real ground truth information flowing out of the  
18 oil fields -- Saudi Aramco (phonetic) -- isn't that  
19 producer/consumer dialogue? But it's very narrowly  
20 focused on world interest and world needs.

21           And my feeling is that when the issues arise,  
22 we know how to -- to deal with our friends. Certainly,  
23 bilaterally we've done it for years, and we have a  
24 close working relationship with Saudi Arabia on a lot  
25 of these issues. Yet, one thing we do not do is try to

1 get a multi-national conference together of those  
2 nations because, in fact, the producer/producer  
3 dialogue within OPEC is often extremely contentious, as  
4 you know.

5           And so we don't believe there's any merit,  
6 any new requirement to have this. We believe that the  
7 Gulf War was a great example of how bilateral dialogue  
8 works extremely well because we share all those views.  
9 We share them with you. You share them with others.  
10 We share them with international organizations, like  
11 the IEA that just held a meeting where we had this  
12 debate. And I made it very clear that I do not think  
13 it's in the best interest of the IEA nations, for  
14 example, and other nations to get into a multi-national  
15 conference at the ministerial level that can only find  
16 a new point of discussion to be production and oil  
17 costs.

18           And I think it would be politically very  
19 damaging or could be politically damaging in this  
20 country for the first time to make a major change in  
21 policy by attending such a conference. I normally  
22 don't feel that way. But oil is a very unique  
23 worldwide fungible commodity, and it needs to be  
24 treated in a very special way. We've decided in the  
25 past that it's not in the best interest to hold that

1 kind of multi-national session. Yet, we fully  
2 recognize the dialogue is important and exchange of  
3 information is important.

4           So, anyway, that's how the debate went.  
5 That's the U.S. position, that we're very cautious  
6 about such a thing. Whether we're going to attend or  
7 not, I don't know. There's been an invitation extended  
8 to the United States. My recommendation would be that  
9 we proceed extremely cautiously if we attend at all on  
10 such a meeting.

11           And I thought you ought to hear that because  
12 you're going to hear the <sup>crescendo</sup>~~procendi~~ pick up on this issue  
13 as they approach their 1-2 July meeting. This is not  
14 anything that's been hidden. This is being debated at  
15 the Head of State level. Positions have been taken.  
16 The President took a public position in early May that  
17 he did not feel that this was the right way to go and a  
18 perception that it would leave the -- most of the  
19 industrialized world not in the OPEC business would be  
20 questioned as to what we were trying to achieve from  
21 this, that we don't already achieve very nicely by  
22 other means.

23           So, anyway, I'm glad that Lod brought it up  
24 because I do think you're going to see a lot more, and  
25 I didn't want to leave this meeting, having just come

1 from a full day's debate on this over there.

2 I think generally inside that group, nations  
3 such as Japan, U.K., <sup>ourselves,</sup> Canada and many others are very  
4 much in synchronism in our beliefs that this may not be  
5 the best way to go, and we don't see any driving force  
6 to say it's essential -- witness what's happening right  
7 now, even with the OPEC meeting that only lasted a few  
8 hours yesterday and what came out of it.

9 So I believe what we did in January was very  
10 important that those prices got stabilized reasonably,  
11 that we're in the ball park of acceptability, and to go  
12 further at this time is premature.

13 Anyway, thanks a lot for letting me chat with  
14 you this morning. It's a very important meeting.  
15 Again, thanks for the tremendous work you've done on  
16 phase one of the Refinery Study and the continuing into  
17 phase two, <sup>and</sup> of the Natural Gas Studies that are underway.  
18 It is very important. What you're doing is great.  
19 Thanks.

20 (Applause)

21 CHAIRMAN COOK: Thank you very much, Mr.  
22 Secretary, for being here and we appreciate your kind  
23 words about the work of the Council.

24 We have under consideration today the  
25 proposed final report on the first phase of the work of



1 the NPC Committee on Refining entitled "Meeting the  
2 Challenges of the Clean Air Act."

3 Ken Derr is Chairman of the Refining  
4 Committee, and I would now like to call on him to  
5 present the committee's report. Ken?

6 PRESENTATION BY KENNETH T. DERR

7 MR. DERR: Thank you, Lod. I'm happy to be  
8 here this morning to bring you up to date on the  
9 efforts of the Committee on Refining.

10 Just a brief reminder of the role of this  
11 committee, we were formed late last year by Lod, as a  
12 result of the request from Secretary Watkins to make a  
13 detailed study of the U.S. refining industry in the  
14 1990s. This study will take about two years.

15 At our first meeting, it was suggested and  
16 agreed that we would issue an interim phase one report  
17 within a six-month time frame, phase one focussing on  
18 the ability of our industry to meet the provisions of  
19 the Clean Air Act with particular regard to gasoline  
20 and diesel fuel.

21 The second phase of the study will be a  
22 detailed analysis of the full range of issues facing  
23 the domestic refining industry in the 1990s. I'll give  
24 you a brief summary of phase two progress following our  
25 hoped for action on the phase one draft report.

1           You have before you this morning our phase  
2 one report, which I'm sure you have all read and  
3 studied in detail. It was sent to you several weeks  
4 ago.

5           If the Council approves the draft report, it  
6 will be officially transmitted by Lod to the Secretary  
7 of Energy.

8           A couple of comments about the methodology of  
9 this report. It is basically a qualitative report,  
10 considerably limited due to the time constraints. It  
11 deals largely with the physical capability of our  
12 industry to comply with anticipated EPA regulations.  
13 It was designed to be conducted within six months to  
14 allow for its timely input into the rulemaking process  
15 by EPA.

16           Several principles were established at the  
17 beginning. One is that it <sup>would</sup>~~will~~ have broad  
18 participation of all the companies that make up the  
19 U.S. Refining Committee. The basis of the report  
20 before you is a series of interviews of 20 refining  
21 companies in the committee.

22           Confidentiality was also important. The  
23 interview process and the <sup>aggregation</sup>~~abrogation~~ of responses was  
24 carefully structured to ensure there will be no  
25 possible violation of any proprietary information that

1 was used.

2           The approach was a look-back approach. The  
3 interviewees were asked to assume themselves in 1996,  
4 having achieved success and look back to determine how  
5 it was done. An oral interview process was chosen  
6 versus a written survey. McKinsey and Company was  
7 selected to conduct the interviews. They became the  
8 ~~abrogators~~<sup>aggregators</sup> of the views of the interviewees and they  
9 reported what the companies have to say.

10           The study is not backed by hard data. It is  
11 individual opinions in the summary of those forecasts.  
12 It's not a structured argument ~~starting~~<sup>conclusion</sup> with a premise  
13 and then building a case for ~~inclusion~~. It's, on the  
14 other hand, somewhat unique in that it is really an  
15 inside look at the deliberations currently going on by  
16 the leading refiners in the country.

17           The interviews typically lasted four to six  
18 hours in an aggregate that involved over 100 people  
19 that were doing the planning work and deliberating on  
20 this subject for the individual companies.

21           Let me now turn to the specific findings of  
22 our phase one study. These divide into six segments  
23 which are presented in the report as conclusions and  
24 recommendations.

25           The adequacy of supply of oxygenates to meet

1 regulated demand for gasoline was the most discussed  
2 issue in phase one. Most refiners expressed their  
3 belief that 1992 oxygenate requirements represent the  
4 most severe challenge of the fuels portion of the Clean  
5 Air Act.

6 In spite of a wide range of expected supply  
7 shortfall, virtually all companies expect some form of  
8 waivers to be required primarily owing to physical  
9 obstacles with a limited time to comply and regulatory  
10 uncertainty.

11 One-half of the company's interview express  
12 confidence, the other half expressed uncertainty that  
13 their company could meet full no-waiver demands. Most  
14 companies foresee a 15 to 50 percent shortfall of  
15 oxygenates for fuel available for industry in the  
16 winter of 1992 and '93, with a few saying somewhat more  
17 or less in that range.

18 Most companies are more optimistic about the  
19 availability of sufficient oxygenate for the winters of  
20 '93 and '94, and '94 and '95. This view is based on  
21 the study premise of no new state or local oxygenate  
22 requirements and expedited processing of permits at all  
23 levels.

24 Let's now look at my first slide. This slide  
25 shows graphically the range of oxygenate supply and

1 demand estimated by the mid-50 percent of respondents.  
2 Expectation of a shortage in winter '92, '93 -- the  
3 chart on the left -- is readily evident as is the basis  
4 for more optimism for adequate supplies by 1994, '95.

5 All of the key influences on supply and  
6 demand have uncertainty at this time, and each could  
7 have an effect on an individual company's ability to  
8 comply. The variables that are affecting the ranges of  
9 these charts are discussed in considerable detail in  
10 the actual report.

11 The next slide is presented to show the  
12 significant regional imbalances of oxygenate supply and  
13 demand. As you can see, we show a supply and demand  
14 for each of the five <sup>PADD</sup> districts. Getting the production  
15 of MTBE in the Gulf Coast and ethanol in the midwest to  
16 the large demands of the East and the West Coast may  
17 represent an unsurmountable logistic challenge,  
18 especially with the large seasonal swings in demand.

19 This expected shortage of oxygenates resulted  
20 in the two recommendations which we'll show on our next  
21 slide.

22 For the winter of 1992 oxygenate requirement,  
23 which is proposed to reduce vehicle emissions, carbon  
24 monoxide in non-attainment areas, the committee,  
25 therefore, recommends that first EPA exercise the

1 waiver flexibility by the fall of 1991, balance the  
2 demand with expected supply of oxygenate in  
3 co-non-attainment areas for the winter of '92 and '93.

4 The winter of '93 and '94 may also require  
5 waivers due to logistical constraints.

6 I think we should point out the strong  
7 feeling that the EPA must make their decision sooner  
8 rather than later, and we say by fall of 1991. It was  
9 clearly the strong feeling of the committee that the  
10 longer the EPA delays a decision on waivers, the larger  
11 the potential shortfalls will be.

12 In 1995, besides the winter oxygenate  
13 requirement, a new requirement for summer oxygen is  
14 imposed with intent of improving air quality in ozone  
15 non-attainment areas. The industry respondents were  
16 optimistic that the '95 oxygenate requirements could be  
17 met only if there are no optins (phonetic), no new  
18 state or local oxygenate programs and there are no  
19 permitting delays.

20 Specifically, the committee then recommends  
21 that the EPA phase in requested optins for ozone  
22 non-attainment areas so that the demand for oxygenates  
23 is not permitted to exceed the supply. Optin delay  
24 should consider both ozone design values and logistical  
25 constraints on supply.

1           Turning our attention next to reformulated  
2 gasoline, the study concludes that success in meeting  
3 1995 requirements will be heavily dependent on EPA  
4 actions. Refiners see simple reformulated gasoline  
5 certification requirements and simple monitoring  
6 compliance programs for reformulated gasoline and  
7 anti-dumping as necessary for successful compliance in  
8 1995 and beyond.

9           The committee's recommendations on  
10 reformulated gasoline are shown on our next slide.

11           Specifically, we recommend the following --  
12 and I'm not sure if that print is so small, whether you  
13 can read it or not in the back. First, certification  
14 at the refinery, blend ~~blind~~ points or import location based  
15 on a simple emissions model, with the emphasis on  
16 simple.

17           Second, 15-percent BOC reduction should be  
18 from an 8.7-pound revapor pressure summer baseline  
19 gasoline, not 7.8, as the EPA is currently discussing.  
20 That 8.7 would be consistent with the actual Clean Air  
21 Act.

22           Basic monitoring at the refinery, blend ~~blind~~  
23 points or import location, using biometrics, supply  
24 spreadsheets to track product movements,  
25 self-monitoring with an audit trail, selected spot

1 checking downstream, reasonable test tolerances,  
2 averaging results broadly over regions and time periods  
3 -- and finally, fair anti-dumping baseline and  
4 requirements.

5           There is considerable discussion and detail  
6 ~~one~~ each of these items included in the report.

7           Lack of management of optins in uncontrolled  
8 oxygen requirements by state or local governments could  
9 seriously jeopardize our industry's ability to meet the  
10 compliance requirements.

11           Our next slide will look at the low sulfur  
12 diesel and presents a recommendation on ~~the~~ permits.  
13 The interviewees indicated adequate supplies of home  
14 heating oil. In addition, interviewees foresee  
15 adequate diesel supplies, but with possible negative  
16 impact on small refineries.

17           Interviewees attributed this regulation's  
18 success to clear early definition of requirements in  
19 EPA regulations and to well-known technology. It helps  
20 if you know the rules far in advance.

21           In the survey, both the ~~oil~~ industry and  
22 construction industry interviewees refer to the  
23 critical need for timely permits to allow construction  
24 of the required facilities. Therefore, the ~~oil~~ committee's  
25 recommendation is that the EPA should expedite the



1 processing of federal permits involved and encourage  
2 and assist state and local agencies to minimize  
3 permitting time.

4 Our final slide summarizes some general  
5 concerns which came out during the interview process.  
6 Although post-1995 considerations were not a designated  
7 focus for this first phase of the study, the  
8 interview~~ees~~<sup>5</sup> uncovered great uneasiness with the  
9 implications of the Clean Air Act and the cumulative  
10 effect of other regulatory requirements for U.S.  
11 refineries in the post-1995 period.

12 Questions have been raised as to the  
13 viability, <sup>of</sup> economically <sup>weak</sup> refineries, and the future  
14 competitiveness of the U.S. refining industry  
15 generally.

16 By its design, the refiners' survey did not  
17 elicit quantitative analytical responses in this area,  
18 and therefore, details probing is left to the  
19 subsequent phase of the study expected to be completed  
20 in 1992.

21 Before opening up the meeting to any  
22 questions you may have, I would like to take this  
23 opportunity to thank the DOE, the NPC for their  
24 participation in developing the report, also McKinsey  
25 and Company for their professional and timely execution

1 of their interview process and finally, most  
2 importantly, the 150 or so individuals in our industry,  
3 including many contractors who provided the input and  
4 work on the study. Thanks to all of you for a job well  
5 done.

6 Mr. Chairman, this completes my presentation  
7 of phase one of the report, and I move that it be  
8 adopted by the National Petroleum Council.

9 CHAIRMAN COOK: Thank you, Ken. The  
10 committee has obviously done a great job on that  
11 report.

12 We have a motion to approve it. Do I have a  
13 second?

14 MEETING PARTICIPANT: Second.

15 CHAIRMAN COOK: Any discussion?

16 (No response)

17 Since there is no further discussion, we'll  
18 vote on the motion to approve the committee's report  
19 subject to final editing. All those in favor, say  
20 "aye."

21 (Chorus of "ayes")

22 Opposed, "nay"?

23 (No response)

24 The report is adopted.

25 Any other comments you'd like to make on that

1 aspect of the report?

2 (No response)

3 All right. Now Ken will update us on the  
4 committee's plans and progress and the balance of their  
5 work.

6 MR. DERR: I'll try to be brief. On the  
7 other hand, as you'll hear in a few minutes from the  
8 financial chairman, this work is expensive. So you  
9 ought to have a little feel for what we're doing and  
10 why.

11 Much progress has already been made on the  
12 second phase of our study. As I noted earlier, this  
13 will be a detailed quantitative analysis addressing a  
14 full range of environmental initiatives and other  
15 issues facing the U.S. refining industry.

16 The impact of environmental legislation and  
17 regulation on both refinery products and refineries  
18 themselves is being addressed. We are attempting to  
19 evaluate the capability of the industry, both  
20 physically and economically, to produce the quantity  
21 and quality of products required in the 1990s.

22 Four task groups have been established to  
23 assist the committee and the coordinating subcommittee.  
24 These groups are now fully staffed reflecting a broad  
25 cross-section of the industry and have held a number of

1 meetings.

2 The coordinating subcommittee is chaired by  
3 Jack ~~Mackin~~<sup>Lashbrook</sup> (phonetic). Chevron is providing overall  
4 coordination and consistency among the task groups.

5 Let me give you just a brief description of  
6 these groups. First, the Refinery and Facilities Task  
7 Group, chaired by Paul ~~Ashbrook~~<sup>Lashbrook</sup> of Conoco, is carrying  
8 out its assignments with three subgroups. They  
9 currently are circulating among the other study groups  
10 a list of significant regulations affecting refining  
11 with a survey work sessions planned for early July.

12 The Product Quality Task Group is chaired by  
13 Stan McGowan (phonetic) of Texaco. Their assignment is  
14 to consider future products, quality information,  
15 developing potential survey questions, selecting a  
16 modeling contractor, generating cost volume curves for  
17 the use in the supply/demand ~~of~~<sup>and</sup> logistics model.

18 The Survey Task Group is chaired by Dan  
19 Waldorf (phonetic) of ~~UNICO~~<sup>Unocal</sup> (phonetic). It will survey  
20 the industry as a service for the other task groups.  
21 They plan to use three contractors to assist them in  
22 conducting the survey.

23 The Supply Demand Logistics Task Group,  
24 chaired by Bill Finger (phonetic) of Exxon, he's also  
25 conducting its work with three subgroups: a Foreign,

1 Logistics and Modeling Subgroup.

2           How long will all this take? We plan to  
3 spend the summer developing the survey questionnaires  
4 and the analytical tools to be used in the study. The  
5 questionnaire is to be sent out in early October. The  
6 response is due by the first of the year. 1992 will be  
7 spent analyzing the survey results and developing a  
8 proposed final report for presentation to you by year  
9 end 1992.

10           Mr. Chairman, that completes my status report  
11 on phase two.

12           CHAIRMAN COOK: Thank you, Ken. Are there  
13 any questions on phase two?

14           As you can see, there's enormous amount of  
15 work underway. A lot of people within a number of  
16 companies are committed to this effort, and as  
17 indicated by the Secretary's report, the Department is  
18 looking forward to receiving and appreciates the effort  
19 being made.

20           The Council is offering -- Ken, I want to  
21 thank you again for your leadership and all of your  
22 subcommittee chairmen, too, for their effort. This  
23 comes at a time when all of us are busy on many other  
24 things, and that's especially appreciated -- that  
25 effort.

1           The Council ~~is~~ <sup>has</sup> also underway -- a major study  
2 on natural gas. Frank Richardson, the chairman of the  
3 committee is unable to be with us today. In his  
4 absence, Joe Hydok, a member of the committee and one  
5 of the studies' task groups, will now report the status  
6 of their work. Joe?

7           PRESENTATION BY JOSEPH T. HYDOK

8           MR. HYDOK: Thank you, Lod. It's indicated  
9 that Frank Richardson can't be here. As you all know,  
10 the meeting date was changed by one day, and that kept  
11 Frank from making it as well as his two co-chairman,  
12 Ken Lay from ~~Amron~~ <sup>Enron</sup> (phonetic) and Gene Tracy (phonetic)  
13 from People's Energy. So I have the task of updating  
14 you.

15           Let me see. I guess you have to push that  
16 on.

17           As you heard the Secretary in his remarks, he  
18 indicated that in his request, he was interested in  
19 having this committee determine the extent to which  
20 natural gas can meet its full potential insofar as  
21 meeting the future energy needs of the country -- in  
22 doing that, interested in looking at obstacles that  
23 might be in the way of achieving that objective.

24           To refresh your memory in terms of committee  
25 status, we have shown here integrative oil and gas

1 companies, independent producers, 12 independent  
2 producers, eight integrative<sup>ed</sup> oil and gas companies. We  
3 have seven transmission companies, 11 distribution  
4 companies and eight other organizations that have ties  
5 to the industry, adding up to some 46 companies  
6 participating in the study. This is four more than  
7 initially recommended back in the January meeting when  
8 the committee was initially established.

9 The new members are Occidental Petroleum, El  
10 Paso Natural Gas, Panhandle of Eastern, Associated  
11 Natural Gas Corp., and Lazard Freres ~~Lazar Freres~~ (phonetic).

12 We have a coordinating subcommittee, headed  
13 up by Larry Smith from Shell. This membership has also  
14 been supplemented by the addition of Collis Chandler  
15 (phonetic) and Joe Foster, representing the independent  
16 producer segment, and Jim Glandville (phonetic) from  
17 Lazard Freres ~~Lazar Freres~~ who brings valuable financial and  
18 operating perspectives to the study.

19 As you can see here, there are four subgroups  
20 or task groups actively participating in the study with  
21 total membership in excess of 100 people. I think the  
22 chairman -- the Secretary commented there are as many  
23 as 200 people involved. As we go on in this study,  
24 some of the task groups begin forming ad hoc groups to  
25 look at other subsets of the problem, and this just

1 begins to grow.

2 But more important than the number of people  
3 that are involved, I think, is the quality of people  
4 involved, and it's impressive to see the number of  
5 senior executives from the respective companies that  
6 are personally participating and providing their input  
7 to the project.

8 The study will generate and actually has  
9 generated as a starting point a conventional wisdom or  
10 reference case, against which we can compare the impact  
11 of various options that would potentially increase the  
12 use of natural gas. The reference case is intended as  
13 a reasonable outlook of what is likely to happen in the  
14 future in the absence of any concerted industry or  
15 government effort.

16 It will reflect, however, a play-out of  
17 current events. That is, it is reflecting the impact  
18 of the Clean Air Act or any other ongoing initiatives  
19 that come about in the normal course of doing business.  
20 Therefore, it's not a status quo.

21 But neither does it include any kind of major  
22 shifts in direction, such as imposition of carbon tax  
23 or significantly higher gasoline taxes or any special  
24 efforts to stimulate the use of natural gas.

25 The reference case, as shown here, is



1 reflecting -- or this base case is reflecting a modest  
2 increase in natural gas use, and it shows a sensitivity  
3 range out near the end of the period.

4           An important aspect of the study, however, is  
5 identifying opportunities for increasing the use of  
6 natural gas and the constraints in the system that  
7 might inhibit or prevent the increases from being  
8 realized in a timely fashion. Options will come from  
9 considerations of constraints inhibiting the increased  
10 use of natural gas as well as opportunities to increase  
11 the use through other means such as incentives.

12           Now, the options are being generated. In  
13 fact, many options have already been generated or  
14 obstacles, you might say, or opportunities that exist  
15 that, with special action, could perhaps encourage more  
16 use of natural gas. And the Scommittee is in their  
17 process of deliberating on those options, and if you  
18 look at this particular slide with the objective of  
19 identifying those options that have the highest impact  
20 in terms of potential use of gas and at the same time  
21 the highest probability.

22           Ideally, what we're trying to do is pinpoint  
23 those ~~the little~~ things that fit in that upper left-hand box  
24 and concentrate our efforts on those obstacles or  
25 options that are believed to have the best opportunity

1 to succeed.

2 Now, if we take those options that we've  
3 identified and begin to evaluate them and work them  
4 into this basic reference case or strawman case, <sup>that</sup> ~~if~~ we  
5 use <sup>at</sup> the start, we can see that any particular option or  
6 a family of options could perhaps have some significant  
7 impact on the ultimate use of natural gas. We'll have  
8 to decide on cost-benefit analysis methodology as an  
9 approach for evaluating the options and potentially  
10 leading to the various recommendations that will come  
11 out of the study.

12 This is a schematic of the timetable. The  
13 overall timing for the study has been set in an attempt  
14 to have it completed by mid-1992, and based upon the  
15 progress to date, we feel quite confident that we'll be  
16 able to adhere to that schedule.

17 If you look across the chart <sup>to</sup> ~~at~~ where we're  
18 at today, we're right around the end of the second  
19 quarter. We can see that a strawman or this basic  
20 reference <sup>case</sup> ~~base~~ which I referred to has, in fact, been  
21 generated, and the committees are very actively  
22 discussing, and I should say, in a lot of heated debate  
23 with respect to the -- some of the assumptions in that  
24 initial case.

25 We expect significant activity over the next

1 four months in analyzing that base case or strawman, as  
2 we call it, and evolving it to an acceptable reference  
3 case for use by the NPC.

4 So what we're starting with is not really the  
5 NPC reference case. It was merely something that was  
6 prepared as a basis to start deliberation, and we will  
7 move that to an NPC reference case by the latter -- end  
8 of the third quarter.

9 Simultaneously, looking below that, you'll  
10 see they will be continuing to delineate and evaluate  
11 constraints and opportunities leading to an initial ~~set~~ <sup>selection</sup>  
12 of options to be analyzed once the reference case is  
13 suitably defined. This analysis will be a major effort  
14 over the latter portion of this year and early into  
15 1992.

16 We also expect to consider the advisability  
17 of generating an alternate reference case against which  
18 we can test the more significant options that we  
19 conclude on. This not only emphasizes that there is  
20 not a single view of the future, but would also serve  
21 to test the robustness of the recommended options of  
22 the different scenarios of the future.

23 The bulk of the study will need to be  
24 completed during the second quarter of next year in  
25 order to allow an appropriate documentation and review.

1                   We expect that there will continue to be  
 2   quarterly meetings with the committee chairmen along  
 3   with intermediate and final meetings with the full  
 4   committee. <sup>The circles representing the dates that we anticipate meetings of the</sup> These meetings are full of activity. <sup>full gas committee and the black triangle are dates of the meeting</sup>  
 5   They're held in exciting places, like Stapleton <sup>of the Coordinating</sup>  
 6   Airport, O'Hare Airport and Houston Airport. We don't <sup>Subcommittee. I can</sup>  
 7   bring our golf clubs. But we're meeting almost every <sup>tell you from my</sup>  
 8   other week, and a lot of effort is going into it. <sup>participation with</sup>  
 9   There's a lot of enthusiasm, and I'm very confident <sup>demand subgroup,</sup>  
 10   that we'll come up with something that will be very  
 11   thought-provoking.

12                   If nothing else, as the various industry  
 13   groups are participating in this study, they are  
 14   learning an awful lot about one another and their view  
 15   of what the future is, and that's as important, I  
 16   think, as anything else we can do.

17                   Thank you. Any questions, I'll be happy to  
 18   take them.

19                   CHAIRMAN COOK: Thank you, Joe, for a very  
 20   fine report.

21                   Joe promises at the end of the study that  
 22   he'll be able to tell us if the gas pump was going  
 23   away.

24                   (Laughter)

25                   We want to thank you, Joe, and all the

1 members of the committee for the work that you're  
2 doing. As you can see, there's an enormous amount of  
3 effort being made on this study as well as the Refining  
4 Study.

5 We also are getting support and help from the  
6 Department of Energy and other federal and state  
7 agencies in some of this work.

8 Our first administrative report today is from  
9 the Finance Committee. As you've heard, a great deal  
10 of work is underway that represents the output of  
11 several hundred people, companies as well as numerous  
12 organizations. That requires the financial support in  
13 addition to the voluntary effort on the part of all the  
14 company individuals participating in these studies.

15 I'd now like to call on John Hall, the  
16 Chairman of the NPC Finance Committee to present the  
17 committee's report. John?

18 PRESENTATION BY JOHN HALL

19 MR. HALL: Thank you, Mr. Chairman and  
20 members of the Council.

21 The Finance Committee met this morning to  
22 review the financial status of the Council. We  
23 reviewed the calendar year 1990 audit report with  
24 representatives of Ernest + Anderson-Young, the Council's  
25 independent outside auditor.

1           And I'm pleased to report to you that the  
2 financial position of the Council is strong and our  
3 accounting controls and procedures are in good shape.

4           Because of the scope and the duration of the  
5 studies that were reported on this morning, the  
6 committee reviewed and is making recommendations on NPC  
7 funding requirements for calendar years 1991 and 1992.

8           There are few energy issues more significant  
9 than those being addressed by the Council's Natural Gas  
10 and Refining Committees. Companies, federal and state  
11 agencies and industry associations have dedicated over  
12 300 people in support of these efforts. <sup>of</sup> The total cost  
13 of these commitments, only a fraction will come  
14 directly from Council funds. Industry people will be  
15 spending their time at the expense of their companies  
16 for the bulk of the cost of these studies.

17           However, the total cost to the NPC is still  
18 \$3.7 million over two years -- \$2 million for the  
19 Refining Study and \$1.7 million for the Natural Gas  
20 Study. A sizable amount of the NPC funds are for  
21 independent contractors to provide accounting,  
22 consulting and computer modeling services to these  
23 studies.

24           You've just heard from our committee chairmen  
25 that these studies are now organized and that their

1 contractor needs are better defined. It's felt that  
2 the use of the contractors is the most efficient and  
3 effective way for these study committees to complete  
4 their assignments, especially in fact of the light of  
5 the staff reductions that have taken place in the  
6 industry over the past several years.

7           Accordingly, we recommend that the Council  
8 approve a revised 1991 budget in the amount of \$3.8  
9 million and a preliminary 1992 budget of \$3.6 million.  
10 These budgets reflect the cost of finalizing and  
11 printing the Emergency Preparedness Report that was  
12 approved in January and include funds to complete and  
13 print phase one of the refining study that we approved  
14 this morning.

15           Also, phase two, Refining and the Natural Gas  
16 Studies, expenses would be within these budgets.

17           Now, these budgets are a substantial increase  
18 over the 1990 budget. But they reflect the level of  
19 activity necessary to respond to the request from the  
20 Secretary that we conduct these important studies.

21           The Finance Committee then turned to the  
22 issue: How do we fund these larger budgets? And we  
23 made the following recommendations. First, member  
24 contributions for 1991 and 1992 would be increased to  
25 \$2.7 million as compared to the range last year of 1.8

1 to 1.9 million -- with other funds as needed to be  
2 taken from the Council's contingency reserve.

3 The second, we believe the Council should  
4 shift from its current July 1 through June 30  
5 contribution period to a calendar year basis to more  
6 closely coincide with our budget method of calendar  
7 year.

8 This means that we would request our funding  
9 from you for 1991 immediately and would request funding  
10 for 1992 in January. But there would be only one  
11 request per calendar year.

12 We believe such a shifting will simplify the  
13 Council's financial management and will help to finance  
14 the budgetary increase from its two current major  
15 studies.

16 Finally, the committee recommends that  
17 ~~Ernest~~ <sup>Ernest &</sup> ~~Anderson~~ Young continue as our independent public  
18 account to audit our calendar year 1991 financial  
19 statements.

20 Thank you, Mr. Chairman. That completes my  
21 report, and I move that this report of the Finance  
22 Committee be approved by the Council.

23 MEETING PARTICIPANT: Second, Mr. Chairman.

24 CHAIRMAN COOK: Been moved and seconded. Is  
25 there any discussion?



1 (No response)

2 All those in favor, say "aye."

3 (Chorus of "ayes")

4 Opposed, "nay"?

5 (No response)

6 So ordered.

7 The Council's Nominating Committee met last  
8 month. Collis Chandler chairs this committee. I'd now  
9 like to call on him to present his report.

10 PRESENTATION BY COLLIS CHANDLER

11 MR. CHANDLER: Thank you, Mr. Chairman.

12 The Nominating Committee of the National  
13 Petroleum Council proposed the following nominations  
14 for the officers and for the chairman and members of  
15 the Agenda and Appointments Committees of the Council.

16 Chairman: Ray Hunt.

17 Vice Chairman: Ken Derr.

18 For the Agenda Committee, the nominations are  
19 as follows: Vic Beghini, Bill Carl, myself, Bill  
20 Fisher, Joe Hydok, Ken Lay, John Miller, Larry Rawl,  
21 Frank Richardson, Pete Silas and Frank McPherson  
22 serving as chairman.

23 For the Appointment Committee, the  
24 nominations are as follows: John Croom, Tom  
25 Cruikshank, Bob Hauptfuhrer, A.V. Jones, Jim Kinnear,

1 Dino Nicandros, Bobby Parker, Dick Stegemeier, Joe  
2 Williams, Irene Wischer and Bob McClements serving as  
3 chairman.

4 Mr. Chairman, this completes the report, and  
5 I move that the Council elect the foregoing for 1991.

6 CHAIRMAN COOK: Do I hear a second?

7 MEETING PARTICIPANT: Second.

8 CHAIRMAN COOK: Are there any further  
9 nominations from the floor?

10 (No response)

11 Any discussion?

12 (No response)

13 All of those in favor of the proposal say  
14 "aye."

15 (Chorus of "ayes")

16 Opposed, "nay"?

17 (No response)

18 So ordered.

19 Thank you very much, Collis.

20 In the interest of time, we have decided to  
21 dispense with acceptance speeches. But  
22 congratulations, Ray, for assuming the chairmanship.  
23 Glad to have you, and Ken as vice chairman, and the  
24 others on the committee, we obviously are happy to see  
25 this new slate at a very important time of our history.

1 I'd just like to simply say thank you to all  
2 of you for your support the past two years and to the  
3 NPC staff and to the people from DOE. We've had a very  
4 fine working relationship, and I've enjoyed the  
5 assignment.

6 (Applause)

7 The next agenda item marks the passing of a  
8 distinguished Council member and friend, Frank ~~Agert~~ <sup>Ikard</sup>  
9 (phonetic), a noted spokesman for the oil industry who  
10 died on May the 1st.

11 Collis Chandler will present a memorial  
12 resolution <sup>in</sup> ~~to~~ his honor. Collis?

13 MR. CHANDLER: The members of the National  
14 Petroleum Council were deeply saddened by the death of  
15 their distinguished colleague, Frank N. ~~Agert~~ <sup>Ikard</sup>, on May  
16 1st, 1991.

17 Frank was born in Henrietta, Texas. He  
18 received a law degree from the University of Texas and  
19 practiced in Wichita Falls, specializing in oil and gas  
20 law. He served five terms in the United States House  
21 of Representatives from the 13th Congressional District  
22 of Texas.

23 He resigned from Congress in 1961 to become  
24 the Executive Vice President of the American Petroleum  
25 Institute, where he served as president of the

1 association for 1963 to 1979.

2 He was a well-known and respected spokesman  
3 for the oil industry during the '60s and '70s. Frank  
4 was a close personal friend and adviser to many of us  
5 in this room today.

6 In 1979, he returned to private practice of  
7 law. He later became Chairman of the Board of the  
8 Institutional Communications <sup>Corporation</sup> ~~Appropriations~~.

9 A patron of the arts, serving on the Board of  
10 Trustees at the John F. Kennedy Center for the  
11 Performing Arts, and a former Regent at the University  
12 of Texas, Frank was also active in numerous civic  
13 organizations and international delegations.

14 Frank <sup>Ihard</sup> ~~Agert~~ had served as a member of the  
15 National Petroleum Council for 16 years. He was an  
16 active participant on several study and administrative  
17 committees. Therefore, <sup>with</sup> ~~the~~ sincere admiration for his  
18 achievements and contributions to the industry and the  
19 Council, and with <sup>a</sup> ~~the~~ sense of great loss, be it on  
20 this 5th day of June 1991, that the deepest sympathy of  
21 the members of the National Petroleum Council be  
22 extended to his widow, <sup>y</sup> ~~Jane~~, and to the family of Frank  
23 N. <sup>Ihard</sup> ~~Agert~~.

24 It is further resolved that the resolution be  
25 entered upon the permanent records of the Council and

1 that an appropriate copy thereof be delivered to his  
2 family as a remembrance of the Council's esteem and  
3 deep appreciation.

4 CHAIRMAN COOK: I propose that we signify our  
5 adoption of the resolution presented by Collis to honor  
6 Frank by a moment of silence.

7 (Pause)

8 Thank you.

9 Many members have commented <sup>it is helpful</sup> to have an  
10 indication of future Council meeting dates as far in  
11 advance as possible. Considering the status of the two  
12 studies and having <sup>confirmed</sup> ~~conferred~~ with Ray Hunt, another  
13 meeting this year does not appear necessary.  
14 Therefore, I would like to suggest April 9th of next  
15 year as the next meeting date. This will be confirmed  
16 to you earlier in 1992.

17 Of course, if there is any indications that  
18 we should have a meeting this fall, we will give you  
19 ample notice.

20 By the way, the meeting this time was slipped  
21 by one day to accommodate the Secretary's schedule so  
22 that he could be with us.

23 This brings us to the end of our formal  
24 agenda. Does any Council member have any other matters  
25 to bring up at this time?

1 Paul?

2 MR. RADZEWICZ: Well, I think the last time I  
3 made a comment <sup>about</sup> what kind of an independent -- you've  
4 gotten more serious now since the last time I was here.  
5 Of course, you know, the war raised the price of gas  
6 up, and we -- (off mike) --

7 CHAIRMAN COOK: Paul, you ought to, for the  
8 record, make sure that you have his name and  
9 affiliation.

10 MR. RADZEWICZ: Jackson and New Orleans.

11 CHAIRMAN COOK: Thank you, Paul.

12 Any other comments?

13 There being no further business, I'd like to  
14 announce that I've asked the newly elected Council  
15 officers and the two study leaders to join me for a few  
16 minutes after the meeting to answer any questions from  
17 the members <sup>or</sup> of the press who may be attending about  
18 this morning's meeting and the report about the  
19 Council.

20 Do I have a motion for adjournment?

21 MEETING PARTICIPANT: Motion.

22 CHAIRMAN COOK: All in favor?

23 (Chorus of "ayes")

24 Anybody opposed?

25 (No response)

1                   All right. The 98th Meeting of the National  
2   Petroleum Council is hereby adjourned.  
3                   (Whereupon, the meeting was adjourned.)

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REPORTER'S CERTIFICATE

CASE TITLE: NATIONAL PETROLEUM COUNCIL

DOCKET NO.: JUNE 5, 1991

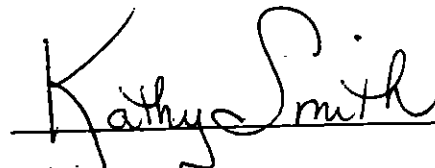
HEARING DATE:

LOCATION: WASHINGTON, D.C.

I hereby certify that the proceedings and evidence  
are fully and accurately recorded in the attached  
transcript from the tapes and notes reported by me in  
the above case before the:

U.S. DEPARTMENT OF ENERGY

DATE: JUNE 5, 1991



Official Reporter

Executive Court Reporters

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